



Pipeline and Hazardous Materials Safety Administration

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WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 8, 2007

Mr. Keith Wenal Venoco Inc. 6267 Carpinteria Avenue Carpinteria, CA 93013

CPF 5-2007-7004W

Dear Mr. Wenal:

On May 7, 2007, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your procedures and records for pipelines and facilities in Carpinteria, California.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. §195.49 Annual report

Beginning no later than June 15, 2005, each operator must annually complete and submit DOT form RSPA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, and carbon dioxide pipelines. Operators are encouraged, but not required, to file an annual report by June 15, 2004, for calendar year 2003.

Venoco did not submit its annual reports due on June 15, 2005 and 2006.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents

involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Venoco Inc. being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to CPF 5-2007-7004W. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Chris Hoidal

Director, Western Region

Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry

PHP-500 H. Monfared (#118966)